

THE CITY OF INDEPENDENCE, KANSAS

**AUDITORS' REPORTS AND
FINANCIAL STATEMENT**

December 31, 2015

CITY OF INDEPENDENCE, KANSAS
FINANCIAL STATEMENT
For the Year Ended
December 31, 2015
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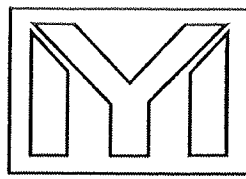
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YERKES & MICHELS, CPA, LLC

John D. Carroll, CPA
Carmen R. Duroni, CPA
Emily S. Erbe, CPA
Ashley R. Newland, CPA, MBAA
David W. Schwenker

CERTIFIED PUBLIC ACCOUNTANTS
American Institute of Certified Public Accountants
Kansas Society of Certified Public Accountants
An Independent C.P.A. Firm

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Commissioners
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Independence, Kansas, as of and for the year ended December 31, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Independence, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Independence, Kansas, as of December 31, 2015, or changes in financial position or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Independence, Kansas as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, schedules of regulatory basis receipts and expenditures – actual and budget – related municipal entities, (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The *schedule of expenditures of federal awards* (Schedule 5 as listed in the table of contents) is presented for the purpose of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and is also not a required part of the basic financial statement.

The *Supplementary Information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Regulatory Required Supplementary Information* is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated August 18, 2016. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Independence's internal control over financial reporting and compliance.


YERKES & MICHELS, CPA, LLC
Independence, Kansas

August 18, 2016

THE CITY OF INDEPENDENCE, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

Page 1 of 3

For the Year Ended December 31, 2015

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<u>GOVERNMENTAL TYPE FUNDS:</u>								<u>GOVERNMENTAL TYPE FUNDS:</u>
General	\$ 1,498,146	\$ -	\$ 5,994,758	\$ 6,117,031	\$ 1,375,873	\$ 268,550	\$ 1,644,423	General
Special Purpose					304		304	Special Purpose
D.A.R.E. Fund	304							D.A.R.E. Fund
Industrial Fund	45,716		16,073	15,680	46,109	25,500	71,609	Industrial Fund
Crime Prevention Program Fund	1,776				1,776		1,776	Crime Prevention Program Fund
Economic Development Transportation Fund	726,922		275,755	137,942	864,735	68,346	933,081	Economic Development Transportation Fund
E 911 (NEW) Fund	(18,315)		91,939	82,059	(8,435)	83	(8,352)	E 911 (NEW) Fund
Incubator Building Fund	167,490		43,330	0	210,820		210,820	Incubator Building Fund
Education Sales Tax Fund	76,000		1,996,191	1,822,126	250,065		250,065	Education Sales Tax Fund
Smoke Detector Grant Fund	247			247	0		0	Smoke Detector Grant Fund
Pride Signs Fund	121		0	0	121		121	Pride Signs Fund
Minature Train Fund	3,242			3,242	0		0	Minature Train Fund
Skate Park Fund	1,675				1,675		1,675	Skate Park Fund
Special Use Sales Tax Fund	2,079,574		1,996,191	1,271,492	2,804,273	175	2,804,448	Special Use Sales Tax Fund
City Employee Benefits Fund	133,092		785,410	735,859	182,643	1,537	184,180	City Employee Benefits Fund
Library Employee Benefit Fund			6,257	6,257	0		0	Library Employee Benefit Fund
Special Park Fund	11,156		9,804	3,462	17,498	236	17,734	Special Park Fund
Library Fund			249,447	243,579	5,868		5,868	Library Fund
Downtown Tree Replacement Fund	1,000		33,447		34,447		34,447	Downtown Tree Replacement Fund
Special Park & Recreation Fund	33,764		32,357	39,092	27,029		27,029	Special Park & Recreation Fund
Special Alcohol Fund			27,323	7,272	20,051		20,051	Special Alcohol Fund
Demolition Fund	62,363		104,700	136,851	30,212	11,040	41,252	Demolition Fund
Liability Insurance Fund	12,320		66,866	73,241	5,945		5,945	Liability Insurance Fund
E-911 Fund	56,879		339	6,615	50,603		50,603	E-911 Fund
Quality of Life Tax Credits Fund	510,792		0		510,792		510,792	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	281,633		1,704	63,316	220,021		220,021	Quality of Life Tax Projects Fund
Cultural Arts Fund	3,487			0	3,487		3,487	Cultural Arts Fund
KHRC # ESG-FFY2013 Emerg. Shelter Grant	216		0	1,216	(1,000)		(1,000)	KHRC # ESG-FFY2013 Emerg. Shelter Grant
Waste Tire Grant Fund	273			273	0		0	Waste Tire Grant Fund
KHRC # ESG-FFY2011 Emerg. Shelter Grant	795			795	0		0	KHRC # ESG-FFY2011 Emerg. Shelter Grant
Law Enforcement Trust Fund	22,779		5,020	1,696	26,103		26,103	Law Enforcement Trust Fund
KHRC # ESG-FFY2012 Emerg. Shelter Grant	641		7,532	7,973	200		200	KHRC # ESG-FFY2012 Emerg. Shelter Grant
Walmart Grant	2,500		0		2,500		2,500	Walmart Grant
WWTP Sales Tax	40			40	0		0	WWTP Sales Tax
KHRC # ESG-FFY2014 Emerg. Shelter Grant	146		10,434	10,175	405	3,738	4,143	KHRC # ESG-FFY2014 Emerg. Shelter Grant
Debt Service Fund								Debt Service Fund
Bond and Interest Fund	61,098		1,377,249	1,161,085	277,262		277,262	Bond and Interest Fund

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

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For the Year Ended December 31, 2015

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
GOVERNMENTAL TYPE FUNDS:								GOVERNMENTAL TYPE FUNDS:
Capital Project Funds								Capital Project Funds
Airport - Map Existing Airport Cir.	(2,000)		2,000		0		0	Airport - Map Existing Airport Cir.
CDBG # 12-PF-038 Curb Ramps	4,015		0	4,015	0		0	CDBG # 12-PF-038 Curb Ramps
Logan Fountain Fund	(74,045)		95,722	23,583	(1,906)	88,813	86,907	Logan Fountain Fund
Airport - Design Terminal Upgrade	(19,000)				(19,000)	4,782	(14,218)	Airport - Design Terminal Upgrade
Geometric - 10th & Chestnut	618,171		63,018	759,618	(78,429)	1,158	(77,271)	Geometric - 10th & Chestnut
FORPAZ Ticket Booth	(590)		2,272	2,990	(1,308)		(1,308)	FORPAZ Ticket Booth
2015 Community Chest	0		1,676	0	1,676		1,676	2015 Community Chest
CDBG # 15-PF-008	0		103,000	60,285	42,715	32,730	75,445	CDBG # 15-PF-008
CDBG #13-PF-013 Curb Ramps	(242,937)	65,584	135,003		(42,350)		(42,350)	CDBG #13-PF-013 Curb Ramps
AIP 3-20-00369-021 Runway Rehab	(644,779)	105,811	582,414	46,974	(3,528)	10,570	7,042	AIP 3-20-00369-021 Runway Rehab
AIP 3-20-0036-20 Taxiway Rehab	(11,130)	13,606	0	2,476	0		0	AIP 3-20-0036-20 Taxiway Rehab
2014 Street Projects	333,576			119	333,457	58	333,515	2014 Street Projects
ADA DJ # 204-29-144 Curb Ramps Design	337,269		4,016	24,702	316,583	0	316,583	ADA DJ # 204-29-144 Curb Ramps Design
10th & Main to 10th & Laurel Imprv. Fund	(174,126)		169,026	0	(5,100)	7,269	2,169	10th & Main to 10th & Laurel Imprv. Fund
USD #446 School Infrastructure Fund	22,435			37,393	(14,958)		(14,958)	USD #446 School Infrastructure Fund
Airport - Upgrade Restrooms	2,500				2,500		2,500	Airport - Upgrade Restrooms
Southeast Lift Station Fund	(846,237)		391,063	8,256	(463,430)	60,131	(403,299)	Southeast Lift Station Fund
West Main - 10 to 18th Fund	(2,073,467)		1,765,686	79,478	(387,259)	162,775	(224,484)	West Main - 10 to 18th Fund
2015-2016 KLINK Projects	(126,218)		997,674	404,660	466,796	40,841	507,637	2015-2016 KLINK Projects
CDBG #14-PF-018 Curb Ramps	380,000		108,756	212,044	276,712	1,262	277,974	CDBG #14-PF-018 Curb Ramps
Peter Pan Geometric	0		0	87,694	(87,694)	44,577	(43,117)	Peter Pan Geometric
BUSINESS FUNDS:								BUSINESS FUNDS:
Airport Fund	63,204		670,221	653,122	80,303	3,885	84,188	Airport Fund
Water & Sewer Fund	2,132,439		4,519,777	5,039,067	1,613,149	89,543	1,702,692	Water & Sewer Fund
Grinder Pump Replacement Fund	185,045		16,597	7,490	194,152		194,152	Grinder Pump Replacement Fund
Sanitation Fund	344,165		1,140,859	982,841	502,183	21,128	523,311	Sanitation Fund
TOTAL PRIMARY GOVERNMENT	\$ 5,986,162	\$ 185,001	\$ 23,900,906	\$ 20,385,423	\$ 9,686,646	\$ 948,727	\$ 10,635,373	
RELATED MUNICIPAL ENTITIES								RELATED MUNICIPAL ENTITIES
Independence Public Library	74,570		614,001	566,082	122,489	10,499	132,988	Independence Public Library
Independence Housing Authority	6,182,003		1,317,938	1,373,547	6,126,394	30,960	6,157,354	Independence Housing Authority
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 12,242,735	\$ 185,001	\$ 25,832,845	\$ 22,325,052	\$ 15,935,529	\$ 990,186	\$ 16,925,715	TOTAL REPORTING ENTITY (Excluding Agency Funds)

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2015

COMPOSITION OF CASH-Primary Government

Clerk's Cash On Hand		\$	550
Community National Bank - Independence, Ks. Checking Account (Operating)	\$	14,572,346	
Certificates of Deposit		800,000	
Less: Amount Allocated to Housing Authority		(6,157,353)	
	\$	9,214,993	
Checking Account (Petty Cash)		1,500	
		\$	9,216,493
Commercial Bank, Independence, Ks. Monet Market Account	\$	801,234	
Certificate of Deposit		36,947	
			838,181
FirstOak Bank, Independence, Ks. Money Market			600,785
Rounding		\$	(4)
Total Primary Government		\$	10,656,005
Less: Agency Funds (Schedule 3)			(20,632)
TOTAL PRIMARY GOVERNMENT		\$	10,635,373
RELATED MUNICIPAL ENTITIES			
Independence Public Library Cash on Hand	\$	50	
FirstOak Bank, Independence, Ks. Checking Account	\$	19,073	
Money Market Account		108,864	
		\$	127,937
Community National Bank - Independence, Ks. Certificate of Deposit		5,002	
		\$	132,989
Independence Housing Authority Community National Bank - Independence, Ks. Checking Account			6,157,353
TOTAL RELATED MUNICIPAL ENTITIES		\$	6,290,342
TOTAL REPORTING ENTITY		\$	16,925,715

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. FINANCIAL REPORTING ENTITY

The City of Independence is a municipal corporation under the laws of the State of Kansas and is governed by an elected three-member Commission. The financial statement of the reporting entity includes those of the City of Independence (the primary government) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

- The *Independence Housing Authority* (IHA) is governed by a City-appointed board. The City appoints the Board, provides some administrative services to the Board and owns the buildings which the Housing Authority operates. The Housing Authority also manages and operates a duplex project jointly owned by the City and SEK Housing of Sedan, Kansas.
- The *Independence Library District*, which operates the City's public library, is governed by an appointed board. Four of the seven board members are appointed by the City. The Library is also fiscally dependent on the City for a portion of its revenue, but does receive tax revenues from other sources within the district.

1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles generally accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

1C. REGULATORY BASIS FUND TYPES

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of The City of Independence, Kansas, for the year 2015:

GOVERNMENTAL FUNDS

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long term debt.

Capital Project Funds -- used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

BUSINESS FUNDS

Business Funds -- funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

FIDUCIARY TYPE FUNDS

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1D. REIMBURSEMENTS

The City of Independence, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

1E. JOINTLY-GOVERNED ORGANIZATIONS

The City of Independence appoints two members to the board of the Independence Recreation Commission and Montgomery County Action Council, but does not control the boards or have financial responsibility for the organizations.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2A. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budgets for the following funds were amended for the 2015 year: General, Library Employee Benefits, Library, Bond and Interest, Airport, Water and Sewer, Sanitation, and Quality of Life Sales Tax.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

2A. BUDGETARY INFORMATION (cont'd.)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds, and the following special purpose and business funds: D.A.R.E., Crime Prevention Program, E 911 (New), Incubator Building, Smoke Detector Grant, Pride Signs, Miniature Train, Skate Park, Special Park, Downtown Tree Replacement, Demolition, E-911, Quality of Life Credits, Cultural Arts, Emergency Shelter Grant funds, Waste Tire Grant, Air Traffic Control Tower, Law Enforcement Trust, Wal-Mart Grant, WWTP Sales Tax, Map existing Airport Cir, Curb Ramps, Logan Fountain and Grinder Pump Replacement funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS

Expenditures in the Water and Sewer Fund exceeded the amount budgeted by \$608,864.29 and expenditures in the Airport Fund exceeded the amount budgeted by \$16,809.62. This is a violation of K.S.A. 79-2935.

Management is not aware of any other violations of compliance with Kansas Statutes or violations of other finance related legal matters.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2015, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At December 31, 2015, the carrying amount of the City's deposits, including certificates of deposit, was \$16,792,726, which included \$6,157,353 belonging to the Independence Housing Authority and \$20,632 in agency funds. The bank balance was \$17,043,929. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks, resulting in a concentration of credit risk. Of the bank balance \$750,000.00 was covered by FDIC insurance, and \$16,293,929 was collateralized by pledged securities held by the pledging financial institution's agents in the City's name.

At year-end the carrying amount of the Independence Public Library Board's deposits, including certificates of deposit was \$132,988.76. The bank balance was \$141,680.48. All of the bank balance was covered by FDIC insurance.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (cont'd.)

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 4 – LONG-TERM DEBT

SEE SCHEDULE ON PAGES 17-18.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$451,038.32 for the year ended December 31, 2015.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (cont'd)

Net Pension Liability

At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$3,530,487.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 6 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Fund</u>	<u>Project Authorization</u>	<u>Expenditures To Date</u>
Southeast Lift Station	4,111,958.81	2,883,178.05
ADA DJ #204-29-144 Design Phase	2,906,552.80	1,740,586.37
10 th St. Main to Laurel	240,500.00	257,272.38
W. Main 10 th to 18 th St.	5,620,386.35	5,555,178.85
Geometric 10 th & Chestnut	1,495,375.00	836,822.04
CDBG #13-PF-013 Curb Ramps	842,348.88	842,348.88
CDBG #14-PF-022 Curb Ramps	800,000.00	232,044.09
CDBG #15-PF-008 Curb Ramps	1,000,000.00	60,284.71
AIP 20-0036-021 Airport Runway	1,034,966.70	1,156,399.26
AIP 20-0036-20 Airport Taxiway	677,180.78	540,875.73
2014 Street Improvements	1,325,650.00	1,287,757.26
USD #446 School Infrastructure	39,015.35	53,972.71
US Hwy 75 Oak to Morningside	446,894.44	239,803.20
Logan Fountain	249,000.00	188,517.99
Airport – Upgrade Restrooms	9,360.00	0.00
Airport – Design Terminal	500,000.00	20,000.00
Peter Pan Geometric	88,346.17	87,693.67

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 6 – CAPITAL PROJECTS (cont'd)

2015-2016 KLINK US 160	290,418.98	245,377.59
FORPAZ Ticket Booth	19,556.46	22,546.46
AIP 3-20-0036-022 T Hanger	588,000.00	10,570.00

NOTE 7 - COMPENSATED ABSENCES

City employees with one year or more of service are eligible for vacation benefits varying from ten (10) days to twenty (20) days. Unused vacation earned during the current year can be carried over beyond the end of the succeeding year after it was earned. A maximum of 20 days may be carried over, but no new vacation time would be earned until a portion of the previous time was used. Any unused vacation time will be purchased from the employee upon termination.

City employees accumulate sick leave at the rate of one (1) day per month of service, up to one hundred-eighty (180) days. Sick leave may be accumulated and carried over to the next year, but is lost if the employee leaves the City's service. The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2013. The cost of vacation and sick pay are recognized as expenditures when paid.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 10 - INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Airport		25,000.00
General	Logan Fountain		94,772.00
General	Demolition		50,000.00
Education Sales Tax	Bond & Interest	K.S.A. 12-197	225,894.00
Special Use Sales Tax	General	K.S.A. 12-197	499,204.00
Special Use Sales Tax	Bond and Interest	K.S.A. 12-197	626,200.00
Housing Authority	Demolition		50,000.00
Water & Sewer	Bond & Interest	K.S.A. 12-825d	11,300.00
Water & Sewer	Grinder Pump		7,490.00
Water & Sewer	CDBG #15-PF-608		100,000.00
KHRC	General		1,652.00
Smoke Detector	General		247.00
Waste Tire Grant	General		273.00
AIP 3-20--0036	Airport		2,476.00
CDBG 12-PF038	ADA DJ		4,016.00

NOTE 11 – USE OF ESTIMATES

The preparation of regulatory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

NOTE 12 - FLEXIBLE BENEFIT PLAN (I.R.C. SECTION 125)

The City adopted a salary-reduction flexible benefit plan under Section 125 of the Internal Revenue Code. All full time employees of the City are eligible to participate in the plan after 90 days of employment. Each employee may elect to reduce his or her salary to purchase benefits through the plan. Currently benefits offered through the plan involve health insurance, cancer insurance, and advantage disability insurance.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 13 – REAL ESTATE DONATION

On December 31, 2015 the City signed the deed to receive, as a donation, the Mercy Hospital building and corresponding land. Fair market value is estimated at \$10 million; however, per regulatory basis accounting, the donation is not recognized on the City's books.

NOTE 14 – SUBSEQUENT EVENTS

Due to the discovery of black mold in the old City Hall building, the City operations were required to be moved immediately. On 8/10/16, City Hall operations were moved into the donated real estate from Mercy as stated in Note 13. The estimated total costs depending on various options is in the range of \$500,000 – \$700,000.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2015

NOTE 4 - LONG-TERM DEBT

Changes in long-term liabilities for the Entity
for the year ended December 31, 2015, were as follows:

<u>Issue</u>	<u>Interest Rates %</u>	<u>Date of Issue</u>	<u>Amount Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
GENERAL OBLIGATION BONDS										
Series A 2007	3.95-5.00	4/1/07	620,000.00	2027	350,000.00		50,000.00	(50,000.00)	300,000.00	14,412.50
Series A 2009	3.00-4.00	10/1/09	170,000.00	2019	100,000.00		20,000.00	(20,000.00)	80,000.00	4,000.00
Series A 2010	3.25-4.125	12/22/10	3,240,000.00	2026	2,720,000.00		195,000.00	(195,000.00)	2,525,000.00	96,318.76
Series A 2012	2.00-2.75	2/1/12	4,065,000.00	2026	3,315,000.00		330,000.00	(330,000.00)	2,985,000.00	73,118.76
Series A 2013	2.00-2.70	9/19/13	2,940,000.00	2023	2,675,000.00		275,000.00	(275,000.00)	2,400,000.00	59,200.00
Series A 2015	.7-3.00	7/22/15	1,960,000.00	2030		1,960,000.00	35,000.00	1,925,000.00	1,925,000.00	9,035.17
					<u>\$ 9,160,000.00</u>	<u>\$ 1,960,000.00</u>	<u>\$ 905,000.00</u>	<u>\$ 1,055,000.00</u>	<u>\$ 10,215,000.00</u>	<u>\$ 256,085.19</u>
CAPITAL LEASES										
2011 Freightliner	3.83	8/25/10	139,341.00	2015	29,963.33		29,963.33	(29,963.33)	-	884.16
2008 International	2.67	1/18/13	112,500.00	2018	69,281.79		11,167.56	(11,167.56)	58,114.23	924.90
Enterpol Software	2.26	1/16/13	50,000.00	2015	12,711.46		12,711.46	(12,711.46)	-	148.76
Case Wheel Loader	1.85	4/16/14	139,300.00	2018	112,456.52		27,342.38	(27,342.38)	85,114.14	1,954.58
2015 Traumahawk	1.76	10/15/15	230,000.00	2020		230,000.00		230,000.00	230,000.00	-
Toshiba Phone System	1.89	7/25/15	28,135.00	2020		28,135.00		28,135.00	28,135.00	-
2015 Osage	1.89	5/15/15	149,610.95	2020		149,610.95		149,610.95	149,610.95	-
					<u>\$ 224,413.10</u>	<u>\$ 407,745.95</u>	<u>\$ 81,184.73</u>	<u>\$ 326,561.22</u>	<u>\$ 550,974.32</u>	<u>\$ 3,912.40</u>
OTHER DEBT										
Kansas Dept. of Health and Environment (KDHE)										
Loan C-20-1241-01	3.54	8/31/95	418,306.00	2013	55,599.18		27,311.89	(27,311.89)	28,287.29	1,728.63
Loan 2630	3.77	7/2/09	2,500,000.00	2026	981,255.13		981,255.13	(981,255.13)	-	35,763.81
Loan C-20-1915-01	2.25	10/24/11	225,000.00	2015	2,250,635.87	391,063.33	591,574.42	(200,511.09)	2,050,124.78	58,112.36
					<u>\$ 3,287,490.18</u>	<u>\$ 391,063.33</u>	<u>\$ 1,600,141.44</u>	<u>\$ (1,209,078.11)</u>	<u>\$ 2,078,412.07</u>	<u>\$ 95,604.80</u>
TOTAL LONG TERM DEBT					<u>\$ 12,671,903.28</u>	<u>\$ 2,758,809.28</u>	<u>\$ 2,586,326.17</u>	<u>\$ 172,483.11</u>	<u>\$ 12,844,386.39</u>	<u>\$ 355,602.39</u>

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2015

NOTE 4 - LONG-TERM DEBIT (cont'd)

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	2021-2025	2026-2030	2031-2035	TOTAL
PRINCIPAL									
General Obligation Bonds	\$ 1,000,000.00	\$ 1,005,000.00	\$ 930,000.00	\$ 950,000.00	\$ 955,000.00	\$ 4,090,000.00	\$ 1,285,000.00	\$ -	\$ 10,215,000.00
Capital Leases	131,672.68	131,237.81	121,755.22	82,398.07	83,910.54	-	-	-	550,974.32
Other Debt	202,116.09	178,201.68	182,684.57	187,280.23	191,991.49	1,034,880.57	101,257.44	-	2,078,412.07
TOTAL PRINCIPAL	\$ 1,333,788.77	\$ 1,314,439.49	\$ 1,234,439.79	\$ 1,219,678.30	\$ 1,230,902.03	\$ 5,124,880.57	\$ 1,386,257.44	\$ -	\$ 12,844,386.39
INTEREST									
General Obligation Bonds	\$ 274,682.52	\$ 254,225.02	\$ 230,550.02	\$ 207,952.52	\$ 184,830.02	\$ 548,995.10	\$ 85,818.76	\$ -	\$ 1,787,053.96
Capital Leases	7,231.20	7,666.06	5,056.18	3,023.93	1,525.73	-	-	-	24,503.10
Other Debt	50,873.47	45,800.56	41,317.67	36,722.01	32,010.75	85,130.63	1,265.72	-	293,120.81
TOTAL INTEREST	\$ 332,787.19	\$ 307,691.64	\$ 276,923.87	\$ 247,698.46	\$ 218,366.50	\$ 634,125.73	\$ 87,084.48	\$ -	\$ 2,104,677.87
TOTAL PRINCIPAL AND INTEREST	\$ 1,666,575.96	\$ 1,622,131.13	\$ 1,511,363.66	\$ 1,467,376.76	\$ 1,449,268.53	\$ 5,759,006.30	\$ 1,473,341.92	\$ -	\$ 14,949,064.26

SCHEDULE 1

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2015

	Certified Budget	Adjmt. For Qualifying Budget Cr.	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)	
<u>GOVERNMENTAL TYPE FUNDS:</u>						<u>GOVERNMENTAL TYPE FUNDS:</u>
General	\$ 6,864,734.00	\$ -	\$ 6,864,734.00	\$ 6,117,031.00	\$ 747,703.00	General
Special Purpose						Special Purpose
Industrial Fund	93,223.00	-	93,223.00	15,680.00	77,543.00	Industrial Fund
Economic Development Transportation Fund	300,000.00	-	300,000.00	137,942.00	162,058.00	Economic Development Transportation Fund
Education Sales Tax Fund	2,000,000.00	-	2,000,000.00	1,822,126.00	177,874.00	Education Sales Tax Fund
Special Use Sales Tax Fund	2,000,000.00	-	2,000,000.00	1,271,492.00	728,508.00	Special Use Sales Tax Fund
City Employee Benefits Fund	837,963.00	-	837,963.00	735,859.00	102,104.00	City Employee Benefits Fund
Library Employee Benefit Fund	11,257.00	-	11,257.00	6,257.00	5,000.00	Library Employee Benefit Fund
Library Fund	247,988.00	-	247,988.00	243,579.00	4,409.00	Library Fund
Special Park & Recreation Fund	44,000.00	-	44,000.00	39,092.00	4,908.00	Special Park & Recreation Fund
Special Alcohol Fund	28,000.00	-	28,000.00	7,272.00	20,728.00	Special Alcohol Fund
Liability Insurance Fund	75,200.00	-	75,200.00	73,241.00	1,959.00	Liability Insurance Fund
Quality of Life Tax Projects Fund	106,222.00	-	106,222.00	63,316.00	42,906.00	Quality of Life Tax Projects Fund
Debt Service Fund						Debt Service Fund
Bond and Interest	1,194,571.00	-	1,194,571.00	1,161,085.00	33,486.00	Bond and Interest
<u>BUSINESS FUNDS:</u>						<u>BUSINESS FUNDS:</u>
Airport Fund	636,312.00	-	636,312.00	653,122.00	(16,810.00)	Airport Fund
Water & Sewer Fund	4,430,203.00	-	4,430,203.00	5,039,067.00	(608,864.00)	Water & Sewer Fund
Sanitation Fund	1,236,868.00	-	1,236,868.00	982,841.00	254,027.00	Sanitation Fund
<u>RELATED MUNICIPAL ENTITIES:</u>						<u>RELATED MUNICIPAL ENTITIES:</u>
Independence Public Library						Independence Public Library
General Fund	627,785.00	-	627,785.00	566,082.00	61,703.00	General Fund

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisGENERAL FUND

For the Year Ended December 31, 2015

	CURRENT YEAR		Variance Favorable (Unfavorable)
	<u>Actual</u>	<u>Budget</u>	
RECEIPTS			
Taxes	\$ 606,152.00	\$ 664,556.00	\$ (58,404.00)
Local Sales Tax	1,996,191.00	2,500,000.00	(503,809.00)
Special Use Sales Tax	-	-	-
Franchise Tax	516,559.00	520,000.00	(3,441.00)
Federal Grant Revenue	-	-	-
State Grant Revenue	-	-	-
Ambulance	1,210,363.00	907,850.00	302,513.00
Municipal Court	159,055.00	214,400.00	(55,345.00)
Streets & traffic	338,955.00	276,750.00	62,205.00
Memorial Hall	44,704.00	26,000.00	18,704.00
Cemetery	66,165.00	48,700.00	17,465.00
Interest Income	3,695.00	1,000.00	2,695.00
Park	35,906.00	36,500.00	(594.00)
Miscellaneous	515,638.00	69,200.00	446,438.00
Transfers	501,375.00	-	501,375.00
TOTAL RECEIPTS	<u>\$ 5,994,758.00</u>	<u>\$ 5,264,956.00</u>	<u>\$ 729,802.00</u>
EXPENDITURES			
General Government	\$ 661,079.00	\$ 414,718.00	\$ (246,361.00)
Municipal Court	139,050.00	145,848.00	6,798.00
City Hall	114,235.00	71,200.00	(43,035.00)
Police Department	1,275,935.00	1,351,784.00	75,849.00
Animal Control	59,010.00	80,886.00	21,876.00
Emergency Preparedness	6,033.00	13,500.00	7,467.00
Public Safety	2,009,984.00	1,800,981.00	(209,003.00)
Engineering	13,200.00	20,000.00	6,800.00
Streets & Traffic	514,629.00	535,351.00	20,722.00
Street Lighting	155,273.00	156,000.00	727.00
Park	531,186.00	546,818.00	15,632.00
Cemetery	158,398.00	176,188.00	17,790.00
Memorial Hall	186,962.00	190,467.00	3,505.00
Special Improvements	122,285.00	1,360,993.00	1,238,708.00
Miscellaneous	-	-	-
Transfers	169,772.00	-	(169,772.00)
TOTAL EXPENDITURES	<u>\$ 6,117,031.00</u>	<u>\$ 6,864,734.00</u>	<u>\$ 747,703.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (122,273.00)		
UNENCUMBERED CASH, BEGINNING	<u>1,498,146.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,375,873.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

D.A.R.E. FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Commodities	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	304.00
UNENCUMBERED CASH, ENDING	\$ 304.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisINDUSTRIAL FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 16,073.00	\$ 21,177.00	\$ (5,104.00)
Other Income	-	-	-
	<hr/>		
TOTAL RECEIPTS	\$ 16,073.00	\$ 21,177.00	\$ (5,104.00)
	<hr/>		
EXPENDITURES			
Capital Projects	\$ -	\$ 73,723.00	\$ 73,723.00
Big Mac	15,680.00	17,000.00	1,320.00
Chamber of Commerce	-	2,500.00	2,500.00
	<hr/>		
TOTAL EXPENDITURES	\$ 15,680.00	\$ 93,223.00	\$ 77,543.00
	<hr/>		
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 393.00		
UNENCUMBERED CASH, BEGINNING	<hr/> 45,716.00		
UNENCUMBERED CASH, ENDING	<hr/> <u>\$ 46,109.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CRIME PREVENTION PROGRAM FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>1,776.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,776.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisECONOMIC DEVELOPMENT TRANSPORTATION FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS			
Franchise Tax	\$ 275,755.00	\$ 289,000.00	\$ (13,245.00)
Other	-	-	-
TOTAL RECEIPTS	<u>\$ 275,755.00</u>	<u>\$ 289,000.00</u>	<u>\$ (13,245.00)</u>
EXPENDITURES			
Economic Development Incentives	\$ 137,942.00	\$ 300,000.00	\$ 162,058.00
Transfers	-	-	-
TOTAL EXPENDITURES	<u>\$ 137,942.00</u>	<u>\$ 300,000.00</u>	<u>\$ 162,058.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 137,813.00		
UNENCUMBERED CASH, BEGINNING	<u>726,922.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 864,735.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

E 911 (NEW) FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
State of Kansas	\$ 91,938.00
Interest	<u>1.00</u>
TOTAL RECEIPTS	<u>\$ 91,939.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 82,059.00</u>
TOTAL EXPENDITURES	<u>\$ 82,059.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,880.00
UNENCUMBERED CASH, BEGINNING	<u>(18,315.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (8,435.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

INCUBATOR BUILDING FUND

For the Year Ended December 31, 2015

	<u>CURRENT YEAR</u>
	<u>Actual</u>
RECEIPTS	
Taxes	\$ -
Rent Income	43,330.00
	<hr/>
TOTAL RECEIPTS	\$ 43,330.00
	<hr/>
EXPENDITURES	
Contactual	\$ -
Capital Outlay	
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ 43,330.00
	<hr/>
UNENCUMBERED CASH, BEGINNING	167,490.00
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 210,820.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisEDUCATION SALES TAX FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Sales Taxes	\$ 1,996,191.00	\$ 2,000,000.00	\$ (3,809.00)
			-
TOTAL RECEIPTS	<u>\$ 1,996,191.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ (3,809.00)</u>
EXPENDITURES			
Capital Outlay	\$ 1,596,232.00	\$ 1,781,000.00	\$ 184,768.00
Transfers	225,894.00	219,000.00	(6,894.00)
TOTAL EXPENDITURES	<u>\$ 1,822,126.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 177,874.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 174,065.00		
UNENCUMBERED CASH, BEGINNING	<u>76,000.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 250,065.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

SMOKE DETECTOR GRANT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Transfer	\$ 247.00
TOTAL EXPENDITURES	\$ 247.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (247.00)
UNENCUMBERED CASH, BEGINNING	247.00
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

PRIDE SIGNS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	121.00
UNENCUMBERED CASH, ENDING	\$ 121.00

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

MINATURE TRAIN FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
TOTAL RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ 3,242.00</u>
TOTAL EXPENDITURES	<u>\$ 3,242.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (3,242.00)
UNENCUMBERED CASH, BEGINNING	<u>3,242.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ -</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

SKATE PARK FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ -
Transfers	-
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	-
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	1,675.00
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 1,675.00
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL USE SALES TAX FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS			
Sales Tax	\$ 1,996,191.00	\$ 2,000,000.00	\$ (3,809.00)
Transfers	-	-	-
TOTAL RECEIPTS	<u>\$ 1,996,191.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ (3,809.00)</u>
EXPENDITURES			
Capital Outlay	\$ 146,088.00	\$ 1,165,000.00	\$ 1,018,912.00
Transfers	1,125,404.00	835,000.00	(290,404.00)
TOTAL EXPENDITURES	<u>\$ 1,271,492.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 728,508.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 724,699.00		
UNENCUMBERED CASH, BEGINNING	<u>2,079,574.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,804,273.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisCITY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 767,667.00	\$ 808,075.00	\$ (40,408.00)
Other Income	17,743.00		17,743.00
TOTAL RECEIPTS	<u>\$ 785,410.00</u>	<u>\$ 808,075.00</u>	<u>\$ (22,665.00)</u>
EXPENDITURES			
Personnel	\$ 586,353.00	\$ 641,572.00	55,219.00
Contractual	149,506.00	196,391.00	46,885.00
		-	-
TOTAL EXPENDITURES	<u>\$ 735,859.00</u>	<u>\$ 837,963.00</u>	<u>\$ 102,104.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 49,551.00		
UNENCUMBERED CASH, BEGINNING	<u>133,092.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 182,643.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisLIBRARY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 6,257.00	\$ 16,624.00	\$ (10,367.00)
TOTAL RECEIPTS	<u>\$ 6,257.00</u>	<u>\$ 16,624.00</u>	<u>\$ (10,367.00)</u>
EXPENDITURES			
Payments to the Library	<u>\$ 6,257.00</u>	<u>\$ 11,257.00</u>	<u>\$ 5,000.00</u>
TOTAL EXPENDITURES	<u>\$ 6,257.00</u>	<u>\$ 11,257.00</u>	<u>\$ 5,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

SPECIAL PARK FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Memorials	\$ 9,804.00
	<hr/>
TOTAL RECEIPTS	\$ 9,804.00
	<hr/>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	3,462.00
	<hr/>
TOTAL EXPENDITURES	\$ 3,462.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 6,342.00
UNENCUMBERED CASH, BEGINNING	<hr/> 11,156.00
UNENCUMBERED CASH, ENDING	<hr/> <u>\$ 17,498.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
LIBRARY FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS			
Taxes	\$ 249,447.00	\$ 248,619.00	\$ 828.00
			-
TOTAL RECEIPTS	<u>\$ 249,447.00</u>	<u>\$ 248,619.00</u>	<u>\$ 828.00</u>
EXPENDITURES			
Payments to the Library	\$ 243,579.00	\$ 247,988.00	\$ 4,409.00
		-	-
TOTAL EXPENDITURES	<u>\$ 243,579.00</u>	<u>\$ 247,988.00</u>	<u>\$ 4,409.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 5,868.00		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 5,868.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

DOWNTOWN TREE REPLACEMENT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Transfers	\$ 33,447.00
	<hr/>
TOTAL RECEIPTS	\$ 33,447.00
	<hr/>
EXPENDITURES	
Commodities	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 33,447.00
UNENCUMBERED CASH, BEGINNING	<hr/> 1,000.00
UNENCUMBERED CASH, ENDING	<hr/> <u>\$ 34,447.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL PARK & RECREATION FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Liquor Taxes	\$ 27,143.00	\$ 28,000.00	\$ (857.00)
Other revenue	5,214.00	-	5,214.00
TOTAL RECEIPTS	<u>\$ 32,357.00</u>	<u>\$ 28,000.00</u>	<u>\$ 4,357.00</u>
EXPENDITURES			
Contractual	\$ 39,092.00	\$ 44,000.00	\$ 4,908.00
Reimbursed Expense		-	-
TOTAL EXPENDITURES	<u>\$ 39,092.00</u>	<u>\$ 44,000.00</u>	<u>\$ 4,908.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,735.00)		
UNENCUMBERED CASH, BEGINNING	<u>33,764.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 27,029.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSPECIAL ALCOHOL FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Liquor Taxes	\$ 27,323.00	\$ 28,000.00	\$ (677.00)
TOTAL RECEIPTS	<u>\$ 27,323.00</u>	<u>\$ 28,000.00</u>	<u>\$ (677.00)</u>
EXPENDITURES			
Contractual	\$ 7,272.00	\$ 28,000.00	\$ 20,728.00
TOTAL EXPENDITURES	<u>\$ 7,272.00</u>	<u>\$ 28,000.00</u>	<u>\$ 20,728.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 20,051.00		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 20,051.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

DEMOLITION FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Demolition Proceeds	\$ 4,700.00
Transfers	<u>100,000.00</u>
TOTAL RECEIPTS	<u>\$ 104,700.00</u>
EXPENDITURES	
Contractual	<u>\$ 136,851.00</u>
TOTAL EXPENDITURES	<u>\$ 136,851.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (32,151.00)
UNENCUMBERED CASH, BEGINNING	<u>62,363.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 30,212.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisLIABILITY INSURANCE FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS			
Taxes	\$ 66,866.00	\$ 69,876.00	\$ (3,010.00)
Other Revenue			
Transfers	-	-	-
TOTAL RECEIPTS	<u>\$ 66,866.00</u>	<u>\$ 69,876.00</u>	<u>\$ (3,010.00)</u>
EXPENDITURES			
Contractual	\$ 73,241.00	\$ 75,200.00	\$ 1,959.00
TOTAL EXPENDITURES	<u>\$ 73,241.00</u>	<u>\$ 75,200.00</u>	<u>\$ 1,959.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,375.00)		
UNENCUMBERED CASH, BEGINNING	<u>12,320.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 5,945.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

E-911 FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
911 Fees	\$ -
Interest	339.00
	<hr/>
TOTAL RECEIPTS	<u>\$ 339.00</u>
EXPENDITURES	
Contractual	\$ -
Capital Outlay	6,615.00
	<hr/>
TOTAL EXPENDITURES	<u>\$ 6,615.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,276.00)
UNENCUMBERED CASH, BEGINNING	<u>56,879.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 50,603.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

QUALITY OF LIFE TAX CREDITS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Interest	\$ -
Sale of building	-
	<hr/>
TOTAL RECEIPTS	<hr/> \$ - <hr/>
EXPENDITURES	
Capital Outlay	<hr/> \$ - <hr/>
	<hr/>
TOTAL EXPENDITURES	<hr/> \$ - <hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	<hr/> \$ - <hr/>
UNENCUMBERED CASH, BEGINNING	<hr/> 510,792.00 <hr/>
UNENCUMBERED CASH, ENDING	<hr/> \$ 510,792.00 <hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisQUALITY OF LIFE TAX PROJECTS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS			
Insurance Proceeds	\$ -	\$ -	\$ -
Interest	1,704.00	-	1,704.00
TOTAL RECEIPTS	<u>\$ 1,704.00</u>	<u>\$ -</u>	<u>\$ 1,704.00</u>
EXPENDITURES			
Capital Outlay	\$ 63,316.00	\$ 106,222.00	\$ 42,906.00
Transfers	-	-	-
TOTAL EXPENDITURES	<u>\$ 63,316.00</u>	<u>\$ 106,222.00</u>	<u>\$ 42,906.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (61,612.00)		
UNENCUMBERED CASH, BEGINNING	<u>281,633.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 220,021.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

CULTURAL ARTS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Donations	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	3,487.00
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 3,487.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC ESG-FFY2013 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Grant Funds	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Cost	\$ 1,000.00
Transfers	216.00
	<hr/>
TOTAL EXPENDITURES	\$ 1,216.00
	<hr/>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ (1,216.00)
UNENCUMBERED CASH, BEGINNING	<hr/> 216.00
UNENCUMBERED CASH, ENDING	<hr/> <hr/> \$ (1,000.00)

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

WASTE TIRE GRANT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
Transfers	273.00
TOTAL EXPENDITURES	\$ 273.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (273.00)
UNENCUMBERED CASH, BEGINNING	273.00
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC # ESG-FFY2011 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Transfers	\$ 795.00
	<hr/>
TOTAL EXPENDITURES	\$ 795.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (795.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	795.00
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

LAW ENFORCEMENT TRUST FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Other Income	\$ 5,020.00
	<hr/>
TOTAL RECEIPTS	<u>\$ 5,020.00</u>
EXPENDITURES	
Commodities	<u>\$ 1,696.00</u>
TOTAL EXPENDITURES	<u>\$ 1,696.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,324.00
UNENCUMBERED CASH, BEGINNING	<u>22,779.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 26,103.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC # ESG-FFY2012 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Grant	\$ 7,532.00
	<hr/>
TOTAL RECEIPTS	\$ 7,532.00
	<hr/>
EXPENDITURES	
Project Costs	\$ 7,332.00
Transfers	641.00
	<hr/>
TOTAL EXPENDITURES	\$ 7,973.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (441.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	641.00
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 200.00
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

WALMART GRANT

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Grant Revenue	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Contractual	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	2,500.00
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 2,500.00
	<hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

WWTP Sales Tax

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Other Income	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Commodities	\$ 40.00
TOTAL EXPENDITURES	\$ 40.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (40.00)
UNENCUMBERED CASH, BEGINNING	40.00
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisKHRC #ESG-FFY2014 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Grant Revenue	<u>\$ 10,434.00</u>
TOTAL RECEIPTS	<u>\$ 10,434.00</u>
EXPENDITURES	
Payments to Grantee	<u>\$ 10,175.00</u>
TOTAL EXPENDITURES	<u>\$ 10,175.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 259.00</u>
UNENCUMBERED CASH, BEGINNING	<u>146.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 405.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisBOND AND INTEREST FUND

For the Year Ended December 31, 2015

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Taxes	\$ 478,962.00	\$ 506,111.00	\$ (27,149.00)
Special Assessments	26,893.00	59,200.00	(32,307.00)
Transfers	863,394.00	571,500.00	291,894.00
Other	8,000.00	8,000.00	-
TOTAL RECEIPTS	<u>\$ 1,377,249.00</u>	<u>\$ 1,144,811.00</u>	<u>\$ 232,438.00</u>
EXPENDITURES			
Bond Pincipal	\$ 905,000.00	\$ 870,000.00	\$ (35,000.00)
Interest	256,085.00	247,819.00	(8,266.00)
Revolving Loan Program	-	-	-
Other Professional Services	-	76,752.00	76,752.00
Transfers	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,161,085.00</u>	<u>\$ 1,194,571.00</u>	<u>\$ 33,486.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 216,164.00		
UNENCUMBERED CASH, BEGINNING	<u>61,098.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 277,262.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

AIRPORT - MAP EXISTING AIRPORT CIR. FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
State	<u>\$ 2,000.00</u>
TOTAL RECEIPTS	<u>\$ 2,000.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,000.00
UNENCUMBERED CASH, BEGINNING	<u>(2,000.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ -</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

CDGB # 12-PF-038 CURB RAMPS

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal	\$ -
Transfers	-
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Transfers	\$ 4,015.00
	<hr/>
TOTAL EXPENDITURES	\$ 4,015.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (4,015.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	4,015.00
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

LOGAN FOUNTAIN FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Donations	\$ 950.00
Transfers	<u>94,772.00</u>
TOTAL RECEIPTS	<u>\$ 95,722.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 23,583.00</u>
TOTAL EXPENDITURES	<u>\$ 23,583.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 72,139.00
UNENCUMBERED CASH, BEGINNING	<u>(74,045.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (1,906.00)</u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

AIRPORT - DESIGN TERMINAL UPGRADE FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Transfers	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Project Costs	\$ -
TOTAL EXPENDITURES	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>(19,000.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (19,000.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

GEOMETRIC - 10TH & CHESTNUT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
State	<u>\$ 63,018.00</u>
TOTAL RECEIPTS	<u>\$ 63,018.00</u>
EXPENDITURES	
Project Costs	<u>\$ 759,618.00</u>
TOTAL EXPENDITURES	<u>\$ 759,618.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (696,600.00)
UNENCUMBERED CASH, BEGINNING	<u>618,171.15</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (78,428.85)</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisFORPAZ NEW TICKET BOOTH

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Other Income	\$ 2,272.00
TOTAL RECEIPTS	<u>\$ 2,272.00</u>
EXPENDITURES	
Project Costs	\$ 2,990.00
TOTAL EXPENDITURES	<u>\$ 2,990.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (718.00)
UNENCUMBERED CASH, BEGINNING	<u>(590.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (1,308.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

2015 Community Chest

For the Year Ended December 31, 2015

	<u>Actual</u>
Cemetery	
Other Income	\$ 1,676.00
	<u>\$ 1,676.00</u>
EXPENDITURES	
Project Costs	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,676.00
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,676.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

CDBG # 15-PF-008

For the Year Ended December 31, 2015

	<u>Actual</u>
TOTAL RECEIPTS	
Grants	\$ 3,000.00
Transfers	<u>100,000.00</u>
	<u>\$ 103,000.00</u>
EXPENDITURES	
Project Costs	<u>\$ 60,285.00</u>
TOTAL EXPENDITURES	<u>\$ 60,285.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 42,715.00
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 42,715.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

CDBG #13-PF-013 CURB RAMPS

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 135,003.00
TOTAL RECEIPTS	<u>\$ 135,003.00</u>
EXPENDITURES	
Project Costs - federal expenditures	\$ -
Cancelled Purchase Order	<u>(65,584.00)</u>
TOTAL EXPENDITURES	<u>\$ (65,584.00)</u>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ 200,587.00
UNENCUMBERED CASH, BEGINNING	<u>(242,937.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (42,350.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory BasisAIP 3-20-0036-021 RUNWAY REHAB

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 582,414.00
Transfers	-
	<hr/>
TOTAL RECEIPTS	\$ 582,414.00
	<hr/>
EXPENDITURES	
Project Costs	\$ 46,974.00
Cancelled Purchase Orders	(105,811.00)
	<hr/>
TOTAL EXPENDITURES	\$ (58,837.00)
	<hr/>
RECEIPTS OVER (UNDER)	
EXPENDITURES	\$ 641,251.00
	<hr/>
UNENCUMBERED CASH, BEGINNING	(644,778.00)
	<hr/>
UNENCUMBERED CASH, ENDING	\$ (3,527.00)
	<hr/>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

AIP 3-20-0036-20 TAXIWAY REHAB

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Project Costs	\$ 2,476.00
TOTAL EXPENDITURES	\$ 2,476.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,476.00)
UNENCUMBERED CASH, BEGINNING	(11,130.00)
PRIOR YEAR CANCELLED ENCUMBRANCES	13,606.00
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

2014 STREET PROJECTS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Other Income	\$ -
TOTAL RECEIPTS	\$ -
EXPENDITURES	
Project Costs	\$ 119.00
TOTAL EXPENDITURES	\$ 119.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (119.00)
UNENCUMBERED CASH, BEGINNING	<u>333,576.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 333,457.00</u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

ADA DJ # 204-29-144 CURB RAMPS DESIGN

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Transfers	\$ 4,016.00
	<hr/>
TOTAL RECEIPTS	\$ 4,016.00
	<hr/>
EXPENDITURES	
Project Costs	\$ 24,702.00
Transfers	-
	<hr/>
TOTAL EXPENDITURES	\$ 24,702.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (20,686.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	337,269.00
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 316,583.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis10TH & MAIN TO 10TH & LAUREL STREET IMPROVEMENTS

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ 169,026.00
	<hr/>
TOTAL RECEIPTS	\$ 169,026.00
	<hr/>
EXPENDITURES	
Project Costs	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 169,026.00
UNENCUMBERED CASH, BEGINNING	<u>(174,126.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (5,100.00)</u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

USD #446 SCHOOL INFRASTRUCTURE FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Miscellaneous	\$ <u>-</u>
TOTAL RECEIPTS	\$ <u>-</u>
EXPENDITURES	
Capital Outlay	\$ 37,393.00
	<u> </u>
TOTAL EXPENDITURES	\$ 37,393.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (37,393.00)
UNENCUMBERED CASH, BEGINNING	<u>22,436.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (14,957.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

AIRPORT - UPGRADE RESTROOMS FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Transfers	\$ -
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<hr/> 2,500.00
UNENCUMBERED CASH, ENDING	<hr/> <u>\$ 2,500.00</u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

SOUTHEAST LIFT STATION FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Loan Proceeds	\$ 391,063.00
Other	<u>-</u>
TOTAL RECEIPTS	<u>\$ 391,063.00</u>
EXPENDITURES	
Project Costs	<u>\$ 8,256.00</u>
TOTAL EXPENDITURES	<u>\$ 8,256.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 382,807.00
UNENCUMBERED CASH, BEGINNING	<u>(846,237.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (463,430.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

WEST MAIN - 10TH TO 18TH FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
State Revenue	\$ 1,765,686.00
Transfers	<u>-</u>
TOTAL RECEIPTS	<u>\$ 1,765,686.00</u>
EXPENDITURES	
Project Costs	\$ 79,478.00
TOTAL EXPENDITURES	<u>\$ 79,478.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,686,208.00
UNENCUMBERED CASH, BEGINNING	<u>(2,073,467.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (387,259.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

2015-2016 KLINK PROJECTS

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Bond Proceeds	\$ 997,674.00
Transfers	<u>-</u>
TOTAL RECEIPTS	<u>\$ 997,674.00</u>
EXPENDITURES	
Project Costs	\$ 404,660.00
	<u> </u>
TOTAL EXPENDITURES	<u>\$ 404,660.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 593,014.00
UNENCUMBERED CASH, BEGINNING	<u>(126,218.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 466,796.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

CDBG #14-PF-018 Curb Ramps

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ 108,756.00
Transfers	<u>-</u>
TOTAL RECEIPTS	<u>\$ 108,756.00</u>
EXPENDITURES	
Project Costs	\$ 212,044.00
TOTAL EXPENDITURES	<u>\$ 212,044.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (103,288.00)
UNENCUMBERED CASH, BEGINNING	<u>380,000.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 276,712.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

Peter Pan Geometric

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Federal Revenue	\$ -
Transfers	-
	<hr/>
TOTAL RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ 87,694.00
	<hr/>
TOTAL EXPENDITURES	\$ 87,694.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (87,694.00)
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	<u><u>\$ (87,694.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisAIRPORT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Fuel Sales	\$ 573,357.00	\$ 448,000.00	\$ 125,357.00
Rentals	67,713.00	67,800.00	(87.00)
Miscellaneous	1,675.00	-	1,675.00
Transfers	27,476.00	25,000.00	2,476.00
TOTAL RECEIPTS	<u>\$ 670,221.00</u>	<u>\$ 540,800.00</u>	<u>\$ 129,421.00</u>
EXPENDITURES			
Personnel	\$ 106,260.00	\$ 105,046.00	\$ (1,214.00)
Contractual Services	115,932.00	104,200.00	(11,732.00)
Commodities	430,930.00	404,566.00	(26,364.00)
Capital Outlay		20,000.00	20,000.00
Transfers		2,500.00	2,500.00
TOTAL EXPENDITURES	<u>\$ 653,122.00</u>	<u>\$ 636,312.00</u>	<u>\$ (16,810.00)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 17,099.00		
UNENCUMBERED CASH, BEGINNING	<u>63,204.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 80,303.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisWATER & SEWER FUND

For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Sales & fees	\$ 3,407,084.00	\$ 3,590,950.00	\$ (183,866.00)
Bond Proceeds	975,903.00	-	975,903.00
Miscellaneous	134,345.00	-	134,345.00
Interest Income	2,445.00	500.00	1,945.00
Transfers	-	-	-
TOTAL RECEIPTS	<u>\$ 4,519,777.00</u>	<u>\$ 3,591,450.00</u>	<u>\$ 928,327.00</u>
EXPENDITURES			
Personnel	\$ 1,783,654.00	\$ 1,864,997.00	\$ 81,343.00
Contractual Services	616,715.00	654,900.00	38,185.00
Commodities	661,548.00	641,482.00	(20,066.00)
Capital Outlay	1,858,360.00	889,424.00	(968,936.00)
Transfers	118,790.00	379,400.00	260,610.00
			-
TOTAL EXPENDITURES	<u>\$ 5,039,067.00</u>	<u>\$ 4,430,203.00</u>	<u>\$ (608,864.00)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (519,290.00)		
UNENCUMBERED CASH, BEGINNING	<u>2,132,439.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,613,149.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

GRINDER PUMP REPLACEMENT FUND

For the Year Ended December 31, 2015

	<u>Actual</u>
RECEIPTS	
Fees	\$ 8,386.00
Interest	721.00
Transfers	<u>7,490.00</u>
TOTAL RECEIPTS	<u>\$ 16,597.00</u>
EXPENDITURES	
Contractual	<u>\$ 7,490.00</u>
TOTAL EXPENDITURES	<u>\$ 7,490.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,107.00
UNENCUMBERED CASH, BEGINNING	<u>185,045.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 194,152.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisSANITATION FUND

For the Year Ended December 31, 2015

	CURRENT YEAR		
	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS			
Fees	\$ 1,136,195.00	\$ 1,241,500.00	\$ (105,305.00)
Miscellaneous	4,664.00	-	4,664.00
TOTAL RECEIPTS	<u>\$ 1,140,859.00</u>	<u>\$ 1,241,500.00</u>	<u>\$ (100,641.00)</u>
EXPENDITURES			
Personnel	\$ 414,600.00	\$ 498,659.00	\$ 84,059.00
Contractual Services	464,415.00	472,120.00	7,705.00
Commodities	60,886.00	92,200.00	31,314.00
Capital Outlay	42,940.00	173,889.00	130,949.00
TOTAL EXPENDITURES	<u>\$ 982,841.00</u>	<u>\$ 1,236,868.00</u>	<u>\$ 254,027.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 158,018.00		
UNENCUMBERED CASH, BEGINNING	<u>344,165.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 502,183.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 AGENCY FUNDS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended December 31, 2015

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds Fund	\$ 40,914.49	\$ 22,851.25	\$ 46,678.87	\$ 17,086.87
Alcohol Assessment Fund	\$ 3,395.00	\$ 150.00	\$ -	\$ 3,545.00
 TOTAL AGENCY FUNDS	 \$ 44,309.49	 \$ 23,001.25	 \$ 46,678.87	 \$ 20,631.87

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisRELATED MUNICIPAL ENTITY - PUBLIC LIBRARY

For the Year Ended December 31, 2015

PUBLIC LIBRARY - GENERAL FUND			
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Appropriation from the City	\$ 274,836.15	\$ 291,500.00	\$ (16,663.85)
Appropriation from USD 446	247,578.40	231,500.00	16,078.40
Donations	57,323.10	51,000.00	6,323.10
State & Regional Libraries & Grants	18,023.59	24,300.00	(6,276.41)
Interest	202.33	460.00	(257.67)
Miscellaneous	16,037.15	14,000.00	2,037.15
TOTAL RECEIPTS	<u>\$ 614,000.72</u>	<u>\$ 612,760.00</u>	<u>\$ 1,240.72</u>
EXPENDITURES			
Personnel	\$ 322,050.99	\$ 343,500.00	\$ 21,449.01
Employee Benefit Expense	60,070.97	100,850.00	40,779.03
Materials Expense	72,847.24	68,900.00	(3,947.24)
Operating Expense	98,458.30	112,535.00	14,076.70
Capital Outlay	12,594.83	2,000.00	(10,594.83)
Miscellaneous	59.44	-	(59.44)
TOTAL EXPENDITURES	<u>\$ 566,081.77</u>	<u>\$ 627,785.00</u>	<u>\$ 61,703.23</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 47,918.95		
UNENCUMBERED CASH, BEGINNING	<u>74,570.38</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 122,489.33</u>		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

RELATED MUNICIPAL ENTITY - INDEPENDENCE HOUSING AUTHORITY

For the Year Ended December 31, 2015

	Housing/ Development Fund	Housing/ Replacement Fund	McKinley Deposit Fund	McKinley Operating Fund	Surplus Fund	Penn Terrace Fund	Chaney Fund	Earl St. Fund	Cedar Point Fund
UNENCUMBERED CASH, BEGINNING	\$ 1,260,395.00	\$ 245,041.00	\$ 10,881.00	\$ 8,343.00	\$ 3,831,155.00	\$ 162,085.00	\$ -	\$ -	\$ 11,181.00
RECEIPTS:									
Rent	\$ -	\$ -	\$ -	\$ 134,311.00	\$ -	\$ 291,020.00	\$ 23,337.00	\$ 10,608.00	\$ 60,265.00
Cable						13,389.00			
Federal Revenue						349,378.00			
TBRA									
Program Administration	3,716.00	1,148.00	73.00	205.00	8,262.00	684.00	26.00	14.00	
Interest	12,600.00			1,669.00	159.00	22,206.00	655.00	200.00	
Miscellaneous									
Security Deposits			2,486.00						
Transfers	94,433.00	64,000.00				49,509.00	325.00		716.00
TOTAL RECEIPTS	\$ 110,749.00	\$ 65,148.00	\$ 2,559.00	\$ 136,185.00	\$ 8,421.00	\$ 725,186.00	\$ 24,343.00	\$ 10,822.00	\$ 60,981.00
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,323.00	\$ -	\$ -	\$ -
Contractual				132,282.00		263,539.00	19,168.00	7,866.00	65,255.00
Commodities				5,991.00	94,584.00	32,211.00	4,213.00	1,192.00	8,335.00
Capital Outlay	10,187.00	4,500.00	1,512.00	80.00		2,004.00			
Federal Expenditures									
Transfers					100,000.00	158,433.00		1,764.00	112.00
TOTAL EXPENDITURES	\$ 10,187.00	\$ 4,500.00	\$ 1,512.00	\$ 138,353.00	\$ 194,584.00	\$ 817,510.00	\$ 23,381.00	\$ 10,822.00	\$ 73,702.00
UNENCUMBERED CASH, ENDING	\$ 1,360,957.00	\$ 305,689.00	\$ 11,928.00	\$ 6,175.00	\$ 3,644,992.00	\$ 70,761.00	\$ 962.00	\$ -	\$ (1,540.00)
REVENUES:									
Rent	\$ 1,960.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,501.00
Cable									13,389.00
Federal Revenue									421,594.00
TBRA		72,216.00		7,206.00					7,206.00
Program Administration	156.00	109.00	924.00	1,230.00	30.00	220.00	120.00	118.00	17,035.00
Interest			177.00	22,247.00					59,913.00
Miscellaneous			14,068.00						16,554.00
Security Deposits					1,764.00			50,000.00	260,747.00
Transfers									
TOTAL REVENUE	\$ 2,116.00	\$ 72,325.00	\$ 15,169.00	\$ 30,683.00	\$ 1,794.00	\$ 220.00	\$ 120.00	\$ 50,118.00	\$ 1,317,939.00
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,323.00
Contractual	6,124.00		1,286.00						495,520.00
Commodities	5,125.00							1,073.00	152,724.00
Capital Outlay			11,696.00					1,081.00	31,060.00
Federal Expenditures									
Transfers		71,897.00	716.00						261,025.00
TOTAL EXPENDITURES	\$ 11,249.00	\$ 71,897.00	\$ 13,698.00	\$ -	\$ -	\$ -	\$ -	\$ 2,154.00	\$ 1,373,549.00
UNENCUMBERED CASH, ENDING	\$ 15,733.00	\$ 16,223.00	\$ 165,642.00	\$ 423,270.00	\$ 6,353.00	\$ 33,142.00	\$ 18,142.00	\$ 47,984.00	\$ 6,126,393.00

CITY OF INDEPENDENCE, KANSAS

SCHEDULE 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2015

Agency:**U.S. Department of Housing & Urban Development (HUD)**

Passed through Kansas Housing Resource Corporation:

Section 8 Housing Assistance Payments

Home Investments Partnerships - TBRA

Home Investments Partnerships - TBRA

Home Investments Partnerships - TBRA

Home Investments Partnerships - TBRA

Total Home Investments Partnerships - TBRA

Emergency Shelter Grant - ESG-FFY2013

Emergency Shelter Grant - ESG-FFY2014

Emergency Shelter Grant - ESG-FFY2015

Total Emergency Shelter Grant

Passed through the Kansas Department of Commerce & Housing

Community Development Block Grant - 2013 (Notes to the SEFA - 3)

Community Development Block Grant - 2014 (Notes to the SEFA - 3)

Community Development Block Grant - 2015 (Notes to the SEFA - 3)

Total Community Development Block Grant

TOTAL U.S. DEPARTMENT OF HUD

U.S. Department of Transportation, Federal Aviation Administration

Direct Award

Airport Improvement Fund (Notes to the SEFA - 3)

Airport Improvement Fund

TOTAL U.S. DEPARTMENT OF TRANSPORTATION

TOTAL EXPENDITURES OF FEDERAL AWARDS

CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures (Notes to the SEFA - 1&2)
14.195	1001761	\$ -	\$ 349,378.00
14.239	M-11-SG-20-0100	-	869.40
14.239	M-12-SG-20-0100	-	14,572.95
14.239	M-13-SG-20-0100	-	20,391.00
14.239	M-14-SG-20-0100	-	43,589.00
Total Home Investments Partnerships - TBRA		-	79,422.35
14.231	ES13-INDEPENDENCE	-	1,000.00
14.231	ES14-INDEPENDENCE	-	10,174.43
14.231	ES15-INDEPENDENCE	-	7,332.00
Total Emergency Shelter Grant		-	18,506.43
Passed through the Kansas Department of Commerce & Housing			
14.255	13-PF-038	-	135,003.00
14.255	14-PF-018	-	108,756.00
14.255	15-PF-008	-	3,000.00
Total Community Development Block Grant		-	246,759.00
TOTAL U.S. DEPARTMENT OF HUD		\$ -	\$ 694,065.78
U.S. Department of Transportation, Federal Aviation Administration			
Direct Award			
20.106	AIP 3-20-0036-21	-	\$ 669,986.36
20.106	AIP 3-20-0036-20	-	(13,606.19)
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		\$ -	\$ 656,380.17
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ -	\$ 1,350,445.95

THE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IS AN INTERGRAL PART OF THIS SCHEDULE.

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Independence, Kansas under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balances, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas (regulatory basis) with exceptions as noted in Note 3 below. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City did not elect to use the 10% de minimis indirect cost rate.

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

a. Community Development Block Grant 15-PF-008

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of improvements to the City sewer system, and was approved for \$500,000 with a \$500,000 city match. The grant agreement and construction contract were approved and signed during 2015; however, very little grant activity occurred until 2016. Reconciliation of Fund CDBG #15-PF-008 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1

Total Expenditures	\$ 60,284.71
Comprised of:	
City Match Funds	57,284.71
CDBG Expenditures	<u>3,000.00</u>
 Total Statement 1	 <u>\$ 60,284.71</u>

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

a. Community Development Block Grant 15-PF-008 (Cont'd)

Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	\$ 3,000.00
Non-Federal City Match	<u>57,284.71</u>
Total Statement 1	<u>\$ 60,284.71</u>

b. Community Development Block Grant 14-PF-018

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose Phase III of the ADA curb ramp project, and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2014; however, in 2014 the City only encumbered the first payment request, as allowable. Federal expenditures for this program did not occur until 2015. Reconciliation of Fund CDBG #14-PF-018 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1	
2014 Audit Report	\$ 20,000.00
2015 Audit Report	<u>212,044.09</u>
Cumulative Expenditures	\$ 232,044.09
Comprised of:	
City Match Funds	123,288.09
CDBG Expenditures	<u>108,756.00</u>
Cumulative Statement 1	<u>\$ 232,044.09</u>

Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	\$ 108,756.00
Non-Federal City Match	<u>123,288.09</u>
Cumulative Statement 1	<u>\$ 232,044.09</u>

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

c. Community Development Block Grant 13-PF-013

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of complying with ADA regulations, as phase II, following 12-PF-038, and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2013; therefore, the City properly recorded an encumbrance for the aforementioned contract in 2013. However, the only actual activity occurring during 2013 for this phase of the project was an immaterial amount of grant administration paid for with match funds. Accordingly, management has determined that the expenditures for this grant would be presented, in subsequent, applicable, SEFA's. Reconciliation of Fund CDBG #13-PF-013 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1

2013 Audit Report	\$ 907,933.80
2014 Audit Report	0.00
2015 Expenditures	0.00
Prior year cancelled	
Encumbrance	<u>(65,584.92)</u>

Cumulative Expenditures	\$ 842,348.88
-------------------------	---------------

Comprised of:

City Match Funds	400,000.00
CDBG Expenditures	400,000.00
To be determined source	<u>42,348.88</u>

Cumulative Statement 1	<u>\$ 842,348.88</u>
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Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development
Block Grant Expenditures

2014 SEFA	\$ 264,997.00
2015 SEFA	<u>135,003.00</u>

Federal Expenditures	\$ 400,000.00
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Non-Federal City Match	400,000.00
Funds from source not yet determined	<u>42,348.88</u>

Cumulative Statement 1	<u>\$ 842,348.88</u>
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CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

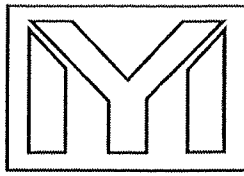
d. Airport Improvement Grant:

The expenditures for the Airport Improvement Grant AIP 3-20-0036-21 from the United States Department of Transportation Federal Aviation Administration differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. Grant 3-20-0036-21 is for construction work for the purpose of upgrading and general capital improvement to the Independence Municipal Airport. The grant agreement and construction contract were approved and signed during 2014; therefore, the City had properly recorded an encumbrance for the aforementioned contract in 2014. However, only a portion of the work was completed during 2014. These expenditures are reflected in the 2014 SEFA. The majority of the construction work for this project was completed during 2015. Reconciliation of the SEFA to Fund AIP 3-20-0036-21 in Statement 1 is as follows:

Statement 1	
2014 Expenditures	1,225,806.15
2015 Expenditures	46,974.28
Prior year cancelled	
Encumbrance	<u>(105,811.20)</u>
Cumulative Expenditures	1,166,969.23
Comprised of:	
City Match Funds	115,639.92
Federal Expenditures	1,040,759.31
Expenditures for future	
AIP Grant	<u>10,570.00</u>
Cumulative Statement 1	<u>\$1,166,969.23</u>

Schedule of Expenditures of Federal Awards (SEFA)

AIP 3-20-0036-21	
Expenditures	
2014 SEFA	\$370,772.95
2015 SEFA	669,986.36
Expenditures to be audited	
for future AIP Grant	<u>10,570.00</u>
Federal Expenditures	1,051,329.31
City Match Funds	<u>115,639.92</u>
Cumulative Statement 1	<u>\$1,166,969.23</u>



YERKES & MICHELS, CPA, LLC

John D. Carroll, CPA
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Ashley R. Newland, CPA, MBAA
David W. Schwenker

CERTIFIED PUBLIC ACCOUNTANTS
American Institute of Certified Public Accountants
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An Independent C.P.A. Firm

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Mayor and City Commission
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis financial statement of the City of Independence, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statement, which collectively comprise the City of Independence, Kansas's basic financial statement, and have issued our report thereon dated August 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompany *Schedule of Findings and Questioned Costs* to be a material weakness [Finding 2015-001].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a significant deficiency [Finding 2015-002].

Compliance and Other Matters

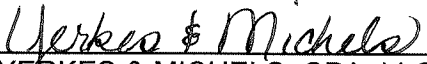
As part of obtaining reasonable assurance about whether the City's regulatory basis financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item Finding 2015-003.

City of Independence, Kansas's Response to Findings

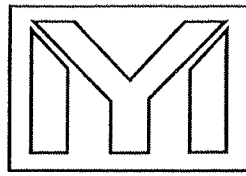
The City's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs* and the accompanying *Corrective Action Plan*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


YERKES & MICHELS, CPA, LLC
Independence, KS

August 18, 2016



YERKES & MICHELS, CPA, LLC

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Mayor and City Commission
City of Independence, Kansas
Independence, KS 67301

Report on Compliance for Each Major Federal Program

We have audited the City of Independence, Kansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Requirements for Federal Awards* (Uniform Guidance); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Independence, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the City of Independence, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


YERKES & MICHELS, CPA, LLC
Independence, KS

August 18, 2016

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes X no

Identification of major federal program(s):

CFDA Number

20.106

Name of Federal Program or Cluster

Airport Improvement Fund

Dollar Threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? yes X no

CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Section II – Financial Statement Findings

Finding 2015-001

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265.09-10.A11 states that the identification of an auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control is an indicator of a material weakness in internal control.

Statement of Condition: The City does not have a system of control over encumbrance calculation to verify accuracy, cutoff, and completeness.

Context: Substantive testing was performed with regards to encumbrances and their calculation, estimation, and completeness. All recorded encumbrances considered individually significant were tested for accuracy and cutoff. Additionally, all individually significant disbursements occurring in January and February of 2016 were tested to determine if accruals were properly performed. Due to the material misstatement found in individually significant items and large remaining population, a non-statistical sample was select for additional testing. The sample consisted of 44% of the remaining funds disbursed in January and February 2016 not already tested. The total items tested during the selected timeframe consisted of 78% of all disbursements. The aggregate misstatement detected was \$616,548.53 which is considered material. Additionally, the internal controls over encumbrances were discussed with management and were found to either be improperly implemented or ineffectively designed. Therefore, it was determined that the material misstatements would not have been detected by the City's internal controls.

Effect of Condition: The condition created a material misstatement of \$616,548.53 which was adjusted for the audited financial statement, and without correction it would create a reasonable possibility of future material misstatements of the financial statement. Additionally, the lack of controls over encumbrances results in expenditure cutoff errors that effect budget compliance. The additional encumbrances recorded based off the results of audit testing created budget violations. See Finding 2015-003.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Finding 2015-001 (cont'd):

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the calculation and completeness of encumbrances. Additionally, it does not appear that the purchase order module of the accounting software has been properly setup or implemented.

Recommendations: Controls should be in place to ensure accuracy and completeness of encumbrances. Additionally, the accounting software setup should be investigated for proper use of purchase orders in correctly reporting encumbrances.

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and complete recording of encumbrances. Additionally, the accounting software support will be contacted to determine if changes in setup need to occur. See corrective action plan on page 98.

Finding 2015-002:

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265 further explains that deficiencies in the design of a control function that can result in material misstatements should be considered, at minimum, to be a significant deficiency.

Statement of Condition: The City of Independence, KS currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards.

Context: The Schedule of Expenditures of Federal Awards (SEFA) prepared by the City was not prepared prior to the start of auditor's field work. Observation and inquiry demonstrated the City's inaccuracy in calculating the federal expenditures of all Federal awards. Additionally, there was no documented review by management of the SEFA or the supporting documentation used to prepare the schedule.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

Finding 2015-002 (cont'd):

Effect of Condition: The Schedule of Expenditures of Federal Awards serves as the primary basis for the auditor's major program determination. Misstatements in the schedule could result in the omission of potential major programs from required compliance audit procedures. Failure to audit a program as major, when required, is cause for the future reissuance of the compliance audit report. Also, the SEFA is a required supplementary schedule and the lack of controls over the SEFA could result in a material misstatement of the SEFA in the financial reporting package.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the preparation of the required Schedule of Expenditures of Federal Awards.

Recommendations: Controls should be in place to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management should be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the City should verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule should be performed, and management should review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the regulatory basis of accounting. The reconciliation and management's review should be documented.

View of responsible officials and planned corrective actions: Management concurs with the finding. The City will develop an appropriate system of control over the preparation of the SEFA. See the Corrective Action Plan developed by the City on page 98.

Finding 2015-003

Criteria: K.S.A. 79-2935 states that the creation of indebtedness in excess of budget in any fund is unlawful.

Statement of Condition: Expenditures in the water and Sewer Fund exceeded the amount budgeted by \$608,864.29 and expenditures in the Airport Fund exceeded the amount budgeted by \$16,809.62.

Context: Adjusted expenditures were compared to the budgeted expenditures in the final version of the published budget. The comparison revealed two funds that were in excess of the budgeted amounts as stated in the statement of condition.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2015

Finding 2015-003 (cont'd):

Effect of Condition: The condition created a material misstatement of \$616,548.53 that was adjusted in the accompanying audited financial statement, but without correction it would create a reasonable possibility of future material misstatements of the financial statement. Additionally, the lack of controls over encumbrances results in expenditure cutoff errors that effect budget compliance. The additional encumbrances recorded based off the results of audit testing created budget violations. See Finding 2015-003.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the calculation and completeness of encumbrances. Additionally, it does not appear that the purchase order module of the accounting software has been properly setup or implemented. See Finding 2015-001. This lack of control resulted in expenditures not previously considered or recorded against the remaining budget for the year ending December 31, 2015 that should have been encumbered. Those additional encumbrances created

Recommendations: Controls should be in place to ensure accuracy and completeness of encumbrances. Additionally, the accounting software setup should be investigated for proper use of purchase orders in correctly reporting encumbrances. Additionally, encumbrances should be considered when determining budget to actual expenditures throughout the year.

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and complete recording of encumbrances. Additionally, the accounting software support will be contacted to determine if changes in setup need to occur. See corrective action plan on page 98.

Section III – Federal Award Findings and Questioned Costs

Airport Improvement Fund – CFDA #20.106

No findings noted.

CITY OF INDEPENDENCE, KANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2015

There were no findings in the prior year audit, nor were there unresolved findings from any other prior years.



CORRECTIVE ACTION PLAN

Finding 2015-001

A complete review of the encumbrance procedures from the time that a purchase is approved by the Commission to the payment date will be conducted. The City Treasurer and Director of Finance will work with Tyler Technologies to determine if the software is set up correctly, and assess the need to upgrade the software or make changes to the setup of the software. Going forward, the Treasurer will review the minutes of each meeting to find the approved purchases and make sure the appropriate encumbrances are made.

Finding 2015-002

The Schedule of Expenditures and Federal Awards will be created and updated monthly, and then submitted to the City Manager for review.

Finding 2015-003

Management believes that this is due to a change in staff. Staff will receive training and the budget will be carefully reviewed and with the changes to the encumbrances mentioned above, the City is confident that this will be avoided in the future.

Micky Webb, City Manager

Date